

State of Nevada



Department of Business & Industry

HOUSING DIVISION

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PROGRAM BULLETIN #1602-1

DATE: April 2, 2010

TO: Interested Parties and Recipients of Section 1602 Funds

CC: Charles Horsey, Administrator, Nevada Housing Division

FROM: Hilary Lopez, Ph. D., Nevada Housing Division

Mark Lucas FOR

RE: Revisions to Section 1602 Procedures Adopted October 1, 2009

Listed below are several revisions to the Nevada Housing Division (NHD) Section 1602 Procedures originally adopted October 1, 2009. The below changes constitute an amendment to the NHD Section 1602 Procedures and replace, or add new, information in the Sections listed below. All other initial requirements of the listed Sections and the NHD Section 1602 Procedures remain in effect. These changes have been made to further program efficiency and effectiveness.

Amendments

Timeliness and Deadlines (changed identified *italics*)

First sentence is modified to now read:

“Any project in receipt of Section 1602 funds must begin construction within 90 days of *project closing as evidenced by a signed Subaward Agreement or by an alternate date consented to, in writing, by NHD.*”

Bullet ‘d’ is modified to now read:

“Firm commitment on other project funding sources and closing on all other funding sources within 90 days of receipt of Section 1602 funds. *Extensions may be granted on a project by project basis by NHD.*”

Section H: Asset Management

The following sentence is deleted in its entirety:

“Projects will also pay a one-time \$5,000 asset management fee directly to NHD for in-house asset management of the project.”

Section I: Reporting and Compliance

The last sentence of paragraph one is modified to read:

“This information will be due to NHD or its designee no later than *one (1) calendar day* after the end of the quarter.”

This requirement supersedes alternate timeframes indicated in Subaward Agreements executed prior to April 2, 2010.

Section P: Reserved For Future Use

This section’s title will be changed to:

Section P: Insurance Requirements

The following minimum insurance requirements will be added and apply to all projects in receipt of Section 1602 funds regardless of amount of funds. Exceptions to the requirements may be made at NHD’s discretion and on a project-by-project basis. Requests for exceptions must be made in writing to NHD’s Chief of Federal Programs at the NHD’s Carson City office and must contain the specific exemptions requested and reason for the request.

Minimum Insurance Requirements

- *Building(s) insured to replacement cost*
- *Tenant Improvements*
- *Business Income (12 months of coverage)*
- *Building Ordinance for acquisition/rehabilitation projects at NHD’s discretion*
- *Boiler Machinery Coverage (if applicable)*
- *Builders Risk (new or renovation)*
- *Replacement Cost Coverage*
- *Insurance Values to be Replacement Cost*
- *Total of all Deductibles to be no more than \$20,000*
 - *For Total Deductibles Greater than \$7,000, an amount equal to the total amount of the deductibles (“Deductible Deposit”) to be escrowed by the Project Owner with NHD until the Project can demonstrate sufficient regular cash flow on an ongoing basis to pay the total amount of all deductibles each month. In lieu of the Deductible Deposit, the Project Owner may request that NHD set aside and escrow at the initial funding an amount equivalent to the total amount of the deductibles from the amount of 1602 Funds awarded to the Project. When the*

Project can demonstrate sufficient regular cash flow on an ongoing basis to pay the total amount of all deductibles each month, the 1602 Funds set aside to cover the deductibles will be released to cover Eligible Costs pursuant to NHD Section 1602 Procedures.

- *Earthquake Coverage at NHD's discretion based on location of project*
- *Earthquake Sprinkler Leakage*
- *Flood as required by FEMA/for properties located in a designated flood plain*
- *Environmental Insurance*
- *Commercial General Liability Insurance*
 - *Coverage to include premises, products, completed operations, personal injury*
 - *Coverage to be not less than \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate subject to larger minimum limit requirements at NHD's discretion.*
- *Umbrella Policy in an amount not less than \$2,000,000.00*
- *Worker's Compensation*
- *Waiver of Subrogation- All Policies*
- *Employer's Liability*
- *Hold harmless placed in lease/contract Indemnity in favor of lienholder- All Policies*
- *Additional Insured Endorsement naming "Nevada Housing Division TCAP/TCEP as additional insured.*
- *Certificates of insurance delivered to NHD evidencing the insurance coverage required by NHD and the naming of Nevada Housing Division TCAP/TCEP as Additional Insured.*

Additionally, policies must contain and/or be issued by:

- *30 days notice of cancellation*
- *Insurance carrier with a Best Rating of A-7 or better*
- *Insurance carrier admitted and licensed to do business in Nevada*
- *Insurance carrier acceptable to NHD.*

Proof of insurance and named additional insured must be filed on an annual basis to NHD, Federal Program Supervisor, 7220 Bermuda Rd, Suite B, Las Vegas, NV 89119.

A new Section Q was added as "Reserved For Future Use."

Any further updates to the NHD Section 1602 Procedures will be noticed in a separate Program Bulletin and posted on the NHD website at www.nvhousing.state.nv.us.